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Beer Trucks Take a Lead in Clean Fuel

By Brian Baskin

If you order a beer in New York, the odds are growing that it was delivered by a truck running on natural gas.

Beer distributors are among a growing vanguard of private trucking fleets encouraged by cheap natural gas and new government funding to adopt compressed natural gas, known as CNG, as a cleaner alternative to diesel.

Anheuser-Busch InBev NV got a grant from a partnership between the state of New York and New York City in April to convert its Budweiser distribution fleet. Phoenix Beverages Inc., a distributor of Heineken and other brands throughout New York City, plans to convert at least 20 of its 150 trucks over the next year, with or without government assistance.

"We're going forward with it regardless," said Greg Brayman, Phoenix's vice president for business development. "It's good for the environment, and probably in the long run it's better for costs."

They join Manhattan Beer Distributors, operator of a fleet of more than 300 vehicles that delivers Corona and dozens of other brews, which began to convert earlier in the decade.

CNG is one of the oldest "clean" fuel technologies, emitting nearly 25% less carbon dioxide than diesel or gasoline. In recent years, CNG, which is stored at a high pressure and released into the combustion chamber of an engine, was overtaken by electric-gasoline hybrid engines in the passenger-car market.

But, as natural gas has become cheaper relative to oil over the past year, flagging momentum for CNG has been revived, nudging fleet operators like Mr. Brayman to take the plunge to convert. Government support has also grown as lawmakers tackle climate change, with trucks increasingly viewed as the best fit for CNG, as many are too heavy to run efficiently on electric power.

Although passenger cars are by far the biggest source of emissions, significant carbon-dioxide reductions can come from converting trucks as well. Trucks were responsible for 12% of emissions in California last year, according to the state's Environmental Protection Agency, which projected 2008 emissions based on data collected in 2005. National figures weren't available from the federal EPA.

"Our niche has really become private delivery fleets," said Christina Ficicchia, executive director of the New York City branch of Clean Cities, a public-private partnership that in August received $300 million in federal stimulus funds to promote alternative fuel vehicles. About half is likely to wind up supporting CNG, Ms. Ficicchia said.

It is easier for operators of delivery fleets to overcome the lack of CNG infrastructure than it is for drivers of automobiles, thanks to specific driving patterns. Urban delivery fleets start and end each day at a central depot and usually stick to a small geographic area, so the relatively small number of stations at which they can fill up on CNG doesn't create the same kind of problem it would for wide-ranging automobile drivers.

"You can put in one or two stations in an industrial park and serve a whole slew of fleets," said Richard Kolodziej, president of the trade association Natural Gas Vehicles for America. Mr. Kolodziej said CNG backers are going for a "hub and spoke" network, first building infrastructure in major cities, then adding stations along highways to connect CNG-friendly locales.

Paying for CNG conversions is still a problem. Federal funds are available to cover up to $32,000, or roughly two-thirds, of the additional costs associated with purchasing a CNG truck compared with a diesel one.

Phoenix Beverages' Mr. Brayman and others hoping to convert to CNG believe they will make back the initial cost faster if natural-gas prices stay low relative to oil over the next few years as the U.S. exploits recently discovered domestic gas reserves.

CNG usually costs at least 20% less than diesel at the filling station, with the fuels roughly tracking gas and oil futures, respectively. During the summer of 2008, when oil prices hit a record high, CNG's discount stretched to 45%. In July, a gallon of diesel cost $2.54, where the equivalent amount of CNG cost $1.93, according to the most recent data from Clean Cities.

A company that gets the full $32,000 in federal funds should be able to make back its investment in less than three years, according to Natural Gas Vehicles for America.

Federal lawmakers are trying to shorten the time it takes to recoup costs on a CNG vehicle.